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TAGS: [ECON](#) [IS](#) [LE](#) [MOPS](#) [PGOV](#) [PREL](#) [PTER](#) [SY](#) [ENRG](#)

SUBJECT: LEBANON: FUEL AND ELECTRICAL POWER STATUS AS OF
AUGUST 10

Classified By: Ambassador Jeffrey Feltman. Reason: Section 1.4 (b).

SUMMARY

1. (C/NF) The fuel and electrical power shortages in Lebanon have become serious. Lebanon's economy is operating at greatly reduced levels through austere rationing of gasoline, reduced consumption in the transport sector, selective brownouts of the electrical power grid. Some increase in the availability of black market gasoline is enabling both the transport and electrical power system to sputter along. Embassy Beirut, through the DART team, has received dire warnings from the NGO community that hospitals and water systems have only days of private fuel stocks remaining, if there were to be a total loss of the national electric power grid, an event that has not (yet) occurred.

2. (C/NF) Despite the above-mentioned ameliorating factors, the situation is approaching criticality and requires immediate action. Embassy Beirut, along with Embassy Tel Aviv, Embassy Nicosia, and CTF-59, has expended considerable resources in attempting to expedite both the delivery of fuel oil to at least one of Lebanon's primary power plants, as well as the delivery of gasoline/diesel to the transport sector. These efforts have been continuously frustrated by either the reluctance of fuel providers to deliver the fuel to storage facilities in Lebanon because of the war conditions, or by poor execution by GOL authorities and fear of some Lebanese to implement approved plans.

3. (C/NF) To place it in terms of brutal prioritization, the gasoline/diesel supply for the transport sector is being resupplied (albeit at a much reduced rate) by rapidly expanding black market deliveries from Syria. Because of this development which provides some quantities to private consumers (albeit at great profit to the Syrians), Embassy Beirut suggests that all efforts from Washington and the field should be directed toward the delivery of fuel oil to the country's power generation plants, and specifically the Zouk facility, located 10 kms north of Beirut, which is capable of providing a reduced, but sufficient, amount of power to the entire national grid for an extended period -- provided it has the fuel.

4. (C/NF) Additionally, despite numerous news reports that fuel deliveries to Lebanon have been held up by lack of IDF clearances, to our knowledge, no fuel delivery has been stopped for this reason -- delayed, yes, but not stopped. We salute our colleagues in Embassy Tel Aviv for their patience and diligence in working through the permit issues. End summary.

TALE OF TWO TANKERS

15. (SBU) As previously reported in numerous channels, two tanker vessels (M/V Aphrodite and M/V Torm Gunhild) contracted by the GOL to provide fuel oil to Lebanon's two primary power plants (Zouk in Beirut and El Beddaoui in Tripoli) have steadfastly refused to leave their berths in Cyprus, despite the intensely coordinated offer of U.S. Navy escort.

16. (C/NF) As a result of the ship owners' intransigence -- which ship officials claim is due to the war-like conditions existing in Lebanon -- the GOL eventually contracted an Algerian "lighter" vessel, the M/V Oued Gueterini, to proceed to Larnaca, Cyprus to offload 2,200 metric tons of fuel oil from the Aphrodite and then bring this fuel oil to the Zouk power plant north of Beirut. Once begun, each round-trip shuttle of the Oued Gueterini between Larnaca, Cyprus and Beirut, Lebanon would take approximately 24 - 36 hours (including loading and offloading). Despite numerous attempts and much conflicting information from the GOL, Embassy Beirut does not yet have an arrival time in Cyprus for the first run of the M/V Oued Gueterini.

17. (C/NF) We have contacted CTF-59 for locating data on this vessel from their tactical maritime plot so that we can determine an accurate timeline.

ELECTRICAL POWER PRODUCTION STATUS

18. (C/NF) Even though each run of the Oued Gueterini would

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only deliver 2,200 metric tons of fuel, this would be sufficient to keep the Zouk power plant running. The Zouk power plant can provide electricity to the entire national grid, but at reduced output. (Note: Lebanon's national grid normally produces 1,200-1,500 megawatts of power each day -- production is now down to approximately 500 megawatts. This results in 6-12 hours of electricity brownout/blackout each day -- depending on locale and consumption demand. End Note.)

19. (C/NF) In addition to power generators run by fuel oil, Lebanon also produces 75 megawatts of hydroelectric power each day (roughly 5 percent of total normal production) which, unless destroyed by air strikes, will always be available. But EDL, the national power company, plans to limit this power strictly to essential government and health services, if it becomes the country's sole source of electrical power and remains unharmed by the Israelis.

110. (C/NF) Finally, as of August 9, Lebanon is once again receiving approximately 100 megawatts of electrical power from Syria through a high-capacity transmission line in the north. One tower in this Syria-Lebanon transmission line was destroyed by an air strike early in the conflict, but line integrity has now been restored and power is flowing as of yesterday. This additional input of 100 megawatts will allow the Zouk and El Beddaoui generation plants to further reduce their fuel consumption and stretch their dwindling supply fuel still further.

111. (C/NF) Due to the unreliability of earlier information from the Ministry of Energy and the Government's senior energy advisor, Embassy Beirut has sent one of our commercial staff to the Zouk power plant to check first hand both power output levels and actual fuel remaining in its storage facility. If this information can be obtained, Embassy will forward to all addressees.

GASOLINE STATUS

¶12. (C/NF) As of August 10, approximately 50 percent of the gasoline stations are now closed in the Beirut area -- with a higher proportion closed in other areas of the country. Those that are open have either a 10 or 20 liter limit (the 20 liter limit is often given only to "regular" customers). The stations sell their stock until they reach a self-determined limit and then close down. As a result, the queues for gas are longest in the early morning -- depending on the station, the queues range from 5 to 30 vehicles. Bribery does occur. To date, the lines have been orderly.

¶13. (C/NF) Over the past few days, a fairly efficient gasoline/diesel black market has emerged -- albeit one that profits those who we least like to see gain at Lebanon's expense, the Syrians and those who cooperate with them in Lebanon. Those who are willing to take the risk drive into Syria on secondary or tertiary roads and come back with a 30,000 liter gasoline load that they can sell at well over 100 percent markup, perhaps higher. Reliable data is difficult to obtain, but the Embassy received a report from an industry source that approximately 30 trucks made the run on August 9. If this information is accurate (a rather big if), this number of trucks would meet roughly one day's supply at current reduced consumption rates. This supply, of course, always runs the risk of being interrupted by Israeli airstrikes on trucks, border crossings and roads; it hardly counts as reliable.

¶14. (C/NF) Finally, to clarify the facts behind a recent attempt to ameliorate the gasoline situation, an intensively coordinated (Embassy Tel Aviv and Embassy Beirut) gasoline truck convoy from Jiyeh to Dora on August 9 did not take place. Despite assurances as late as 2100 on August 8, the company involved claimed at the last minute that it could not persuade its truck drivers to make the run. The owners also said they were afraid that some drivers, for financial gain, would try to leave the return (loaded) convoy en route, and place the entire convoy in jeopardy. PM Siniora told the Ambassador separately that he feared a mad dash rush for supplies from all over the country once word got out that the Jiyeh facility was open -- Siniora felt that the LAF would be unable to control who got into the facility, which risked putting the whole fuel storage area at risk of Israeli attack. We have informed the owners and Siniora that, given the work that went into coordination for tanker convoys that never took place because of Lebanese decisions, this option

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is now closed.

BOTTOM LINE

¶15. (C/NF) Gasoline/Diesel: Due to an emerging black market and greatly reduced consumption, we now believe gasoline/diesel stocks in the retail transport market will be sufficient for at least another week, perhaps longer, but with less and less gasoline and diesel available each day. It is estimated that an undetermined number of trucks each day are entering from Syria -- at roughly 30,000 liters per truck. As a result, Embassy Beirut believes it is best to concentrate resources on the alleviation of the short supply of fuel oil for Lebanon's electrical power generation system.

¶16. (C/NF) Electrical Power Generation: Due to the impact that extended blackouts would have on water, sanitation, and public health, Embassy Beirut believes all efforts should concentrate on the delivery of fuel oil to the Zouk facility. Most health and public utilities have varying quantities of fuel for private generators once the national grid shuts down, but we do not want to get into that situation.

¶17. (C/NF) We are steadily working to execute two solutions: 1. start the M/V Oued Gueterini shuttle as soon as possible between Larnaca, Cyprus (where the Aphrodite is berthed) and the Zouk power plant (north of Beirut); and 2.

determine the status and expedite the arrival of two follow-on fuel tankers reportedly contracted by the GOL last week.

COMMENT

¶18. (C/NF) For even those Lebanese who do not live or work in the areas of worst conflict, daily life has deteriorated to what would have been unimaginable levels as recently as July 11. For example, milk has disappeared from stores, with long-life milk supplies depleted and fresh milk unavailable since the Israeli destruction of Lebanon's only modern dairy early in this conflict. But the single issue most worrying to those who still have roofs over their heads appears to be the growing fuel crisis. Nerves are frayed as people queue up for rationed gas in those stations still open, and black market gas and diesel from Syria, marked up several times, benefit one of the countries -- Syria -- most responsible for Lebanon's woes. Diesel for back-up generators is difficult-to-impossible to find, yet hospitals and other vital institutions may soon rely more on generators because of the power rationing policies designed to conserve dwindling power plant fuel supplies. If the national electrical grid finally shuts down, the humanitarian and public health crisis will worsen considerably, as sewage treatment and water pumping stations shut down. In that event, health officials say they fear cholera outbreaks. Our Embassy operations now have to take into account much labor-intensive searching for gasoline and diesel for our own operations, and our FSN staff is increasingly preoccupied with trying to find fuel for their own needs. Humanitarian and emergency relief operations are hindered by the scarcity of fuel.

¶19. (C/NF) As this cable illustrates, the heroic but labor-intensive coordination efforts on fuel deliveries, carried out by Embassy Tel Aviv, the CCC, staff at this post, and others, are not the solution. We are grateful for the creativity, responsiveness and sheer hard work Tel Aviv has devoted to this issue. But two recent examples show that coordination, no matter how good, does not ensure adequate fuel supplies. First, as noted above, the two tankers of fuel for the Zouk and El-Bedawi power plants refused to budge, even when Tel Aviv secured the needed Israeli concurrence and we had arranged US Navy escort: whatever their real motives, the captains cited fears of sailing enormous explosive targets into a war zone. (As noted above, we still hope to deliver fuel from the Aphrodite, one of the ships, via a shuttle system using a tug-and-barge lighter system.) Second, regarding gasoline and diesel for vehicles, excruciatingly designed plans faltered when the owners of the fuel depot just north of Jiyeh got cold feet. Frustrating as it was to those who had worked so hard and so diligently to clear truck convoys to that facility, the owners had a point: once word got out that tankers were permitted to enter the facility, there was a danger that trucks from all over the country (including Hizballah strongholds) would suddenly show

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up, demanding fuel and putting the whole facility at risk of IDF bombardment. (We only wished that this danger had occurred to the owners before we went through the coordination process.)

¶20. (C/NF) We strongly recommend that USG get behind an initiative now by which, until the Israeli embargo is lifted, Lebanon's fuel needs are met by blanket Israeli safe passage of fuel delivery ships. When Israel started blockading fuel tankers entering the Gaza Strip after the suicide bombs of the mid-1990s, the USG asked the Israelis to find a solution, which the Israelis did quickly: they set up fuel pipelines across the Gaza perimeter fence at Nahal Oz. That system ensured delivery without the security risk of Gaza tankers entering Israel or Israeli tankers entering Gaza. That option doesn't exist here, and Syria has become the default

black market supplier (supplying only those with connections or lots of cash).

¶21. (C/NF) But there are other options we hope we can push.

While fuel is obviously a strategic commodity, Israel has several mechanisms at its disposal to minimize fuel deliveries to Hizballah. First, major and even most minor roads are severed, meaning that Israel can keep an eye on the few passable transportation links to south Lebanon. Suspicious trucks headed south are apparently already targeted by Israel. (Indeed, trucks even inside Beirut have been targeted by the Israelis.) Second, Israel can briefly stop suspicious ships crossing the blockade line, to ensure that the ships are carrying fuel and not weaponry. Surely there are some tanker companies who would not damage their reputations and other business options by getting into arms or alien smuggling. As with everything in war, there are surely risks that some supplies would fall into enemy hands -- as is surely happening now with some of the black market supplies from Syria. But those risks are outweighed, in our view, by the need to address in a sustainable, operationally viable way, the growing fuel crisis here, with its deep humanitarian, economic, and psychological impact on the population. End comment.

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